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régime. And the American capitalists need not doubt that they would find some "winning cards" in Russia, which is as rich in natural resources as the United States.

Some of them already know the way to Russia, although they prefer to cut a piece of the government pie. There are now in our country two big American factories which have secured a great many of the government orders. One of them is a locomotive factory at Sormovo Nijni Novgorod; the other one, an air-brake factory of the well-known Chicago manufacturer, Mr. Crane. But the government cannot now place as many orders as it did during the administration of Mr. Witte. He made great efforts to build up the Russian iron industry and finally stopped, because the funds available for that purpose had given out. But Russia offers a splendid field for private enterprise in railroad building. With its 45,000 miles of railroads, as compared with the 200,000 of the United States, there is room for many more important lines. Private enterprise in that field is now much favored by the growing inclination on the part of the Russian government to grant concessions, and the building of private roads is now on the increase again. Among the new private roads are the Kiev-Kovel and Kiev-Poltava; in 1902 there were built 1,200 versts of private roads.

The next step of the government, if it understands the necessity of raising the purchasing power of the mass of the people, if industry is to prosper, will be to favor the introduction of capital which brings with it power to organize production for agricultural needs. And if the American capitalists know that outside of the government orders a considerable market can be developed, no doubt they will be willing to make these investments, which will certainly pay.

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AN EARLY EXPERIMENT IN TRUSTS.

ACCORDING to Much,¹ following in the main the views of Penka, Wilser, De LaPouge, Sophus Müller, Andreas Hansen, and other spokesmen of the later theories touching Aryan origins, the area of characterization of the West-European culture, as well as of that dolicho-blond racial stock that bears this culture, is the region bordering on the North Sea and the Baltic, and its center of diffusion is to be sought on the southern shores of the Baltic. This region is in

¹ MATTHAEUS MUCH, *Die Heimat der Indogermanen*.

a manner, then, the primary focus of that culture of enterprise that has reshaped the scheme of life for mankind during the Christian era. Its spirit of enterprise and adventure has carried this race to a degree of material success that is without example in history, whether in point of the extent or of the scope of its achievements. Up to the present the culminating achievement of this enterprise is dominion in business, and its most finished instrument is the quasi-voluntary coalition of forces known as a Trust.

In its method and outward form this enterprise of the Indo-germanic racial stock has varied with the passage of time and the change of circumstances; but in its spirit and objective end it has maintained a singularly consistent character through all the mutations of name and external circumstance that have passed over it in the course of history.

In its earlier, more elemental expression this enterprise takes the form of raiding, by land and sea. A shrewd interpretation might, without particular violence to the facts, find a coalition of forces of the kind which is later known as a Trust in the Barbarian raids spoken of as the *Völkerwanderung*. Such an interpretation would seem remote, however, and not particularly apt. The beginnings of a *bona fide* trust enterprise are of a more businesslike character and have left a record more amenable to the tests of accountancy. A trust, as that term is colloquially understood, is a business organization.

Now, the line of enterprise, of indigenous growth in the north-European cultural region, which first falls into settled shape as an orderly, organized business is the traffic of those seafaring men of the North known to fame as the Vikings. And it is in this traffic, so far as the records show, that a trust, with all essential features, is first organized. The term "viking" covers, somewhat euphemistically, two main facts: piracy and slave-trade. Without both of these lines of business the traffic could not be maintained in the long run; and both, but more particularly the latter, presume, as an indispensable condition to their successful prosecution, a regular market and an assured demand for the output. It is a traffic in which, in order to get the best results, a relatively large initial investment must be sunk, and the period of turn-over—the "period of production"—is necessarily of some duration; the risk is also considerable. Further, certain technological prerequisites must be met, in the way particularly of shipbuilding, navigation, and the manu-

facture of weapons; an adequate accumulation of capital goods must be had, coupled with a sagacious spirit of adventure; there must also be an available supply of labor. There appears to have been a concurrence of all these circumstances, together with favorable market conditions, in the south-Baltic region from about the sixth century onward; the circumstances apparently growing gradually more favorable through the succeeding four centuries.

The viking trade appears to have grown up gradually on the Baltic seaboard, as well as in the Sound country and throughout the fjord region of Norway, as a by-occupation of the farming population. Its beginnings are earlier than any records, so that the earliest traditions speak of it as an institution well understood and fully legitimate. The well-to-do freehold farmers, including some who laid claim to the rank of *jarl*, seem to have found it an agreeable and honorable diversion, as well as a lucrative employment for their surplus wealth and labor supply. From such sporadic and occasional beginnings it passed presently into an independently organized and self-sustained line of business enterprise, and in the course of time it attained a settled business routine and a defined code of professional ethics. Syndication, of a loose form, had begun as early as the oldest accounts extant, but it is evident from the way in which the matter is spoken of that combination had not at that date—say, about the beginning of the ninth century—long been the common practice. It was not then a matter of course. The early combinations were relatively small and transient. They took the form of “gentlemen’s agreements,” pools, working arrangements, division of territory, etc., rather than hard and fast syndicates. In those early days a combine would be formed for a season between two or more capitalist-undertakers, for the most part employing their own capital only, without recourse to credit; although credit arrangements occur quite early, but are not very common in the earlier recorded phases of the trade. Such a loose combine, say about the middle of the ninth century, might comprise from two to a dozen boats. What may be called the normal unit in the trade at that time was a boat of perhaps thirty tons’ burden, with an effective crew of some forty men. Boats and crews gradually increase both in size and efficiency for a century and a half after that time.

Syndication, of an increasingly close texture and increasingly permanent effect, appears to have rapidly grown in favor through the ninth and tenth centuries. The reasons for this movement of

coalition are plain. The volume of the trade, as well as its territorial extension, increased uninterruptedly. The technique of the trade was gradually improved, and the equipment and management were improved and reduced to standard forms. The tonnage employed at any given time can, of course, not be ascertained with anything like a confident approximation; but its steady increase is unmistakable. Year by year the boats and crews increase in average size as well as in number, until by the middle of the tenth century the number of men and ships engaged, as well as the volume of capital invested in the trade, are probably larger than the corresponding figures for any other form of lucrative enterprise at that time. It is, at that time, altogether the best-organized line of enterprise in the West-European region in respect of its business management, and the most efficient and progressive in respect of its equipment and technology. At a conservative guess, the aggregate number of ships engaged about the middle of the tenth century must have appreciably exceeded six hundred, and may have reached one thousand; with crews which had also grown gradually larger until they may by this time have averaged seventy or eighty men. There was consequently what would in modern phrase be called an "overproduction" of piratical craft—overinvestment in the viking trade and consequent cut-throat competition. The various coalitions came into violent conflict, and many of them went under, with great resultant loss of capital, impoverishment of well-to-do families, hardship and demoralization of the entire trade.

Added to these untoward conditions within the trade was the open disfavor of the crown, in each of the three Scandinavian kingdoms. The traffic had long passed out of the stage at which it had offered a lucrative opening for farmers' sons who were tired of the farm and eager to find excitement, reputation, and creature comforts in that wider human contact and busier life for which the tedium of the farm had sharpened their appetites. The larger capitalists alone could succeed as organizers or directors of a viking concern under the changed conditions. The common run of well-to-do farmers had neither the tangible assets nor the "good-will" requisite to the successful promotion of a new company of freebooters. At the best, their sons could enter the business only as employees and with but a very uncertain outlook to speedy promotion to an executive position. On the other hand, as the trade became better organized in stronger hands, with a larger equipment,

and as the competition within the trade grew more severe, the blackmail from which much of the profits of the trade was drawn grew more excessive and more uncertain both as to its amount and as to the manner and incidents with which it was levied. As competition grew severe and the small vikings practically disappeared, and as the demoralization that goes with cut-throat competition set in, the livelihood of the common people, at whose expense the vikings lived, grew progressively more precarious, and even their domestic peace and household industry grew insecure. Popular sentiment was running strongly against the whole traffic. So much so, indeed, as to threaten the tenure of courts and sovereigns if the popular hardship incident to the continuance of the trade were not abated.

The politicians, therefore, made a strenuous show of effort to regulate, or even to repress, the viking organizations. Outright and indiscriminate repression was scarcely a feasible remedy, certainly not an agreeable one. The viking companies were a source of strength to the country, both in that they might be drawn on for support in case of war and in that they brought funds into the country. The remedy to which the politicians turned, by preference, therefore, was a regulation of the companies in such a manner as to let "the foreigner pay the tax," to adapt a modern phrase. If the freebooters of a given state could be induced, by stringent regulations, to prey upon the people of the neighboring states, and particularly if they worked at cross-purposes with similar companies of freebooters domiciled in such neighboring states, it was then plain to the sagacious politicians of those days that the companies might be more of a blessing than a curse. On trial it was found that this policy of control gave at the best but very dubious results, and consequently the repressive hand of the authorities perforce fell with increasingly rigorous pressure on the viking organizations, particularly on the smaller ones which were scarcely of national importance. The competition in the trade was too severe to admit of a consistent avoidance of excesses and irregularities on the part of the vikings, and these irregularities obliged the authorities to interfere.

Under these circumstances it is plain that no viking combine could hope to prosper in the long run unless it were strong enough to take an international position and to maintain a practical monopoly of the trade. "International" in these premises means within the Scandinavian countries. In the days of its finest development the viking trade was domiciled in the Scandinavian countries, almost

exclusively. This means the two Scandinavian peninsulas, with Iceland, the Faroes, Orkneys, Hebrides, and the Scandinavian portions of Scotland. To this, for completeness of statement, is to be added a stretch of Wendish seaboard on the south of the Baltic and a negligible patch of German territory. The trade, so far as regards its home offices, to use a modern phrase, gathered in the main about two chief centers: the Orkneys and the south end of the Baltic. Outlying regions, such as the Norwegian fjord country and the Hebrides, are by no means negligible, but the two regions named above are after all the chief seats of the traffic; and of these two centers the Baltic—chiefly Danish—region is in many respects the more notable. Its viking traffic is better, more regularly organized, is carried on with a more evident sense of a solidarity of interests and a more consistent view to a long-term prosperity. As one might say, looking at the matter from the modern standpoint, it has more of a look of stability and conservative management, such as belongs to an investment business, and has less of a speculative air, than the trade that centers in the western isles.

Perhaps it is just on this account, because of its greater stability of interests and more conservative animus, that the traffic of this region responds with greater alacrity to the pressure of excessive competition and political interference, and so enters on a policy of larger and closer coalition. It may be added that many of the great captains of adventure in this region are men of good family and substantial standing in the community. As may often happen in a like conjuncture, when the irksomeness of this competitive situation in the Baltic was fast becoming intolerable, there arose a man of far-seeing sagacity and settled principles, of executive ability and businesslike integrity, who saw the needs of the hour and the available remedy, and who saw at the same glance his own opportunity of gain. This man was Pálnatoki, the descendant of an honorable line of country gentlemen in the island of Funen, whose family had from time immemorial borne an active and prudent part in the trade, and had been well seen at court and in society. He was a man of mature experience, with a large investment in the traffic, and with a body of "good-will" that gave him perhaps his most decisive advantage.

During the reign of Harald Gormsson, about the middle of the tenth century, Pálnatoki seems to have cast about for a basis on which to promote an international coalition of vikings, such as would

put an end to headlong competition in the trade and would at the same time be placed above the accidents of national politics. To this end it was necessary to find a neutral ground on which to establish the home office of the concern. Such a mediæval-Scandinavian New Jersey was the Wendish kingdom at the south of the Baltic.

Jómsborg (on the island of Wollin, at the mouth of the Oder) seems to have been a resort of vikings before Pálnatoki organized his company there and strengthened the harbor, which may have been fortified by those who held it before him. Here the new company was incorporated under a special franchise from the Wendish crown, with the stipulation that it was to do business only outside the Wendish territories. The tangible assets of the corporation were the harbor and fortified town of Jómsborg, together with the ships and other equipment of such vikings as were admitted to fellowship; its intangible assets were its franchise and the good-will of the promoter and the underlying companies. Its by-laws were very strict, both as to the discipline of the personnel and as to the distribution of earnings. The promoter, who was the first president of the corporation, was given extreme powers for the enforcement of the by-laws, and throughout his long incumbency of office he exercised his powers with the greatest discretion and with a most salutary effect.

This neutral, international corporation of piracy rapidly won a great prestige. In modern phrase, its intangible assets grew rapidly larger. Backed by the competitive pressure which the new corporation was able to bring upon the smaller companies and syndicates, this prestige of the Jómsvikings brought a steady run of applications for admission into the trust. The trust's policy was substantially the same as has since become familiar in other lines of enterprise, with the difference that in those early days the competitive struggle took a less sophisticated form. Outstanding syndicates and private firms were given the alternative of submission to the trust's terms or retirement from the traffic. There was great hardship among the outstanding concerns, especially among that large proportion of them that were unable to meet the scale of requirements imposed on applicants for admission into the trust. The qualifications both as to equipment and personnel were extremely strict, so that a large percentage of the applicants were excluded; and the unfortunates who failed of admission found themselves in a doubtful position that grew more precarious with every year that

passed. Practically such concerns were either frozen out of the business or forced into a liquidation which permanently wound up their affairs and terminated their corporate existence.

The accounts extant are of course not reliable in minute details, being not strictly contemporary, nor are they cast in such modern terms as would give an easy comparison with present-day facts. The chief documents in the case are *Jómsvíkingasaga*, *Saxo Grammaticus*, *Heimskringla*, and *Olafssaga Tryggvasonar*; but nearly the whole of the saga literature bears on the development of the viking trade, and characteristic references to the Jómsvíking trust occur throughout. The evidence afforded by these accounts converges to the conclusion that toward the close of the tenth century the trust stood in a high state of prosperity and was in a position virtually to dictate the course of the traffic for all that portion of the viking trade that centered in the Baltic. Its prestige and influence were strong wherever the traffic extended, even in the region of the western isles and in the fjord country of Norway. It had even come to be a factor of first-rate consequence in international politics, and its power was feared and courted by those two sovereigns who established the Danish rule in England, as well as by their Swedish, Norwegian, and Russian contemporaries. It is probably not an overstatement to say that the Danish conquest of England would not have been practicable except for the alliance of the trust with Svend, which enabled him to turn his attention from the complications of Scandinavian politics to his English interests.

The extent of the trust's material equipment at the height of its prosperity is a matter of surmise rather than of statistical information. Some notion of its strength may be gathered from the statement that the fortified harbor of Jómsborg included within its castellated seawall an inclosed basin capable of floating three hundred ships at anchor. In the great raid against the kingdom of Norway, whose failure inaugurated the disintegration of the trust, the number of ships sent out is variously given by different authorities. The *Jómsvíkingasaga* says that they numbered one long hundred. This fleet, however, was made up of craft selected from among the ships that were under the immediate command of four of the great captains of adventure. The fleet, as it lay in the Sound before the final selection, is said to have numbered 185, but the context shows that this fleet was but a fraction of the aggregate Jómsvíking tonnage. Of this disastrous expedition but a fraction returned; yet various

later expeditions of the Jómsvikings are mentioned in which some scores of their ships took part.

The trust having become an international power, it undertook to shape the destiny of nations and dynasties, and it broke under the strain. It, or its directors, took a contract to bring Norway into subjection to the Danish crown. Partly through untoward accidents, partly through miscalculation and hurried preparations, it failed in this undertaking, which brought the affairs of the trust to a spectacular crisis. From this disaster it never recovered. With the opening of the eleventh century the viking trust fell into abeyance, and in a few years it disappeared from the field. There are several good reasons for its failure. On the death of its founder the management had passed into the hands of Sigvaldi, a man of less sagacity and less integrity as well as of more unprincipled personal ambition, and somewhat given to flighty ventures in the field of politics. It was Sigvaldi's overweening personal ambition that committed the corporation to the ill-advised expedition against Norway. The trust, moreover, being supreme within its field, the discipline grew lax and its exactions grew arbitrary, sometimes going to unprovoked excesses. As one might say, too little thought was given to "economies of production," and the charges were pushed beyond "what the traffic would bear." But for all that, in spite of its meddling in politics, and in spite of jobbery and corruption in its management, the trust still had a fair outlook for continued success, except that the bottom dropped out of the trade. For better or worse, the slave-trade in the north of Europe collapsed on the introduction of Christianity, at least so far as regards the trade in Christians; and without a slave market the viking enterprise had no chance of reasonable earnings. At the same time, the risk and hardships of the traffic—the "cost of production"—grew heavier as the countries to the south became better able to defend their shores. The passenger traffic failed almost entirely, and the goods traffic was in a disorganized and unprofitable state. The costs were fast becoming prohibitive, even to men so enterprising and necessitous as the Norwegian freebooters. The situation changed in such a way as to leave the trust out.

Some show of corporate existence was still maintained for a short period after the trust's great crisis, but there was an end of discipline and authoritative control. The minor concerns and private establishments that had once formed part of the trust continued in the trade on an independent footing, but with decreasing regularity and with

diminishing strength. As the equipment wore out it was not replaced, and the trade lapsed. The great captains of the industry, like Sigvaldi, Thorkel Haraldson, Sigurd Kápa, and Vagn Akason, turned their holdings to the service of the dynastic politics which were then engaging the attention of the northern countries. Much of this body of enterprise and wealth was exhausted in working out the imperialistic schemes of expansion of Svend and Knut the Great; and what was left over shared the fortunes of the other available forces of the Scandinavian countries, being dissipated in political dissensions, extortionate government organizations, and the establishment of a church and a nobility.

V.